

Governor Riley's Legislation – Special Session 2004

Synopsis: PEEHIP Active Employees

The bill provides for the sharing of the cost of health insurance premiums by public education employees and retirees covered by the Public Education Employees' Health Insurance Plan (PEEHIP), offers supplemental coverage through PEEHIP, increases the authority of the PEEHIP Board, and provides assistance to low income employees and retirees.

Board Authority Over Premium Rates – Currently, PEEHIP does not have the authority to increase premiums, etc. among certain employee and retiree classes. This bill gives the PEEHIP Board the authority to increase premiums, etc. among all classes of employees and retirees by a 2/3 vote of Board members with certification by the Executive Director.

Allows Employees to Opt Out of Health Plan – Currently, public education employees must enroll in PEEHIP. The bill allows employees to opt out of participation in the plan.

Active Employee Supplement to Other Coverage – The bill allows employees to purchase supplemental coverage in lieu of primary coverage. Other employers cannot deny coverage to a public education employee or spouse because of eligibility in state health plans. Supplemental policies will cost the state about 60 percent less than full coverage (i.e. a state employee may choose to elect his or her spouse's plan as the primary coverage).

Individual Premium Adjustment for Avoidable Risk Factors – The bill requires the Board to add a surcharge to the "employee contribution" for smokers and consider other "avoidable risk factors" as determined by 2/3 of the Board (i.e. smokers would pay \$20 per month in extra monthly premiums). Penalties can be applied for submitting false or misleading information.

Federal Poverty (FPL) Subsidy – The bill provides assistance to low-income employees as determined through federal poverty guidelines. For example, a family of four with a household income below \$18,850 would receive a subsidy of \$67 toward the total premium cost of \$137.

Independent Actuarial Review and Full Disclosure – The bill provides for annual actuarial reviews of PEEHIP, and requires full disclosure by contractors, who will also be subject to independent audits and penalties for non-compliance.